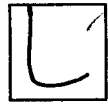


de la Fuente

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01583A
Las Quintas Serenas Water Company
P. O. Box 68
Sahuarita, AZ 85629

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
----	----	------

RECEIVED

MAR 24 2006

Z Corporation Commissio
Director of Utilities

entered
3-28-06
RF

FOR COMMISSION USE

ANN04	05
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COMPANY INFORMATION

Company Name (Business Name) Las Quintas Serenas Water Company

Mailing Address PO BOX 68
(Street)

Sahuarita

(City)

AZ

(State)

85629

(Zip)

520-625-8040

Telephone No. (Include Area Code)

520-648-3520

Fax No. (Include Area Code)

520-403-9354

Pager/Cell No. (Include Area Code)

Email Address lgswater@aol.com

Local Office Mailing Address PO Box 68
(Street)

Sahuarita

(City)

AZ

(State)

85629

(Zip)

520-625-8040

Local Office Telephone No. (Include Area Code)

520-648-3520

Fax No. (Include Area Code)

520-403-9354

Pager/Cell No. (Include Area Code)

Email Address lgswater@aol.com

MANAGEMENT INFORMATION

Management Contact: _____
(Name) (Title)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Steve Gay
(Name)

16961 Camino de Las Quintas

(Street)

Sahuarita

(City)

AZ

(State)

85629

(Zip)

520-625-8040

Telephone No. (Include Area Code)

520-648-3520

Fax No. (Include Area Code)

520-403-9354

Pager/Cell No. (Include Area Code)

Email Address lgswater@aol.com

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Steve Gay

16961 Camino de Las Quintas

(Name)
Sahuarita

AZ

85629

(Street)

520-625-8040

(City)

520-648-3520

(State)

520-403-9354

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Laurence V Robertson Jr.

PO Box 1448

(Name)

Tubac

AZ

85646

(Street)

(City)

(State)

(Zip)

520-398-0411

520-398-0412

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

X Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	217	0	217
304	Structures and Improvements	12,229	846	11,383
307	Wells and Springs	314,484	100,959	213,525
311	Pumping Equipment	119,815	69,373	50,442
320	Water Treatment Equipment	1,740	812	928
330	Distribution Reservoirs and Standpipes	99,896	57,725	42,171
331	Transmission and Distribution Mains	903,698	471,417	432,281
333	Services	2,427	465	1,962
334	Meters and Meter Installations	100,610	84,852	15,758
335	Hydrants	0	0	0
336	Backflow Prevention Devices	1,137	465	672
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	22,618	7,566	15,052
341	Transportation Equipment	27,292	9,483	17,809
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	2,592	714	1,878
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	7,589	3,610	3,979
348	Other Tangible Plant	0	0	0
	TOTALS	1,616,344	808,287	808,057

This amount goes on the Balance Sheet Acct. No. 108 

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	217	0	0
304	Structures and Improvements	12,229	3.33%	407
307	Wells and Springs	314,484	3.33%	10,472
311	Pumping Equipment	119,815	12.50%	14,977
320	Water Treatment Equipment	1,740	3.33%	58
330	Distribution Reservoirs and Standpipes	99,896	2.22%	2,218
331	Transmission and Distribution Mains	903,698	2.00%	18,074
333	Services	2,427	3.33%	81
334	Meters and Meter Installations	100,610	8.33%	8,381
335	Hydrants	0	0	0
336	Backflow Prevention Devices	1,137	6.67%	76
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	22,618	6.67%	1,509
341	Transportation Equipment	27,292	20.00%	5,458
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	2,592	5.00%	130
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	7,589	10.00%	759
348	Other Tangible Plant	0	0	0
	TOTALS	1,616,344	N/A	62,600

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
		10/01/04	09/30/05
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$73,387	\$31,125
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	8,152	6,374
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	9,202	8,351
162	Prepayments	0	0
174	Miscellaneous Current and Accrued Assets	245,486	185,193
	TOTAL CURRENT AND ACCRUED ASSETS	\$336,227	\$231,043
	FIXED ASSETS		
101	Utility Plant in Service	\$1,560,483	\$1,616,344
103	Property Held for Future Use	0	45,062
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	745,687	808,287
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	TOTAL FIXED ASSETS	\$814,796	\$853,119
	TOTAL ASSETS	\$1,151,023	\$1,084,162

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES	10/01/04	09/30/05
	CURRENT LIABILITES		
231	Accounts Payable	\$2,411	\$0
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	36,095	40,361
236	Accrued Taxes	20,941	21,577
237	Accrued Interest	0	0
241	Miscellaneous Current and Accrued Liabilities	0	0
	TOTAL CURRENT LIABILITIES	\$59,447	\$61,938
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$0	\$0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$0	\$0
252	Advances in Aid of Construction	566,935	509,261
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction *	115,579	157,328
272	Less: Amortization of Contributions *	(40,765)	(70,863)
281	Accumulated Deferred Income Tax	69,426	68,490
	TOTAL DEFERRED CREDITS	\$711,175	\$664,216
	TOTAL LIABILITIES	\$770,622	\$726,154
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$2,550	\$2,550
211	Paid in Capital in Excess of Par Value	5,180	5,180
215	Retained Earnings	372,671	350,278
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	TOTAL CAPITAL	\$380,401	\$358,008
	TOTAL LIABILITIES AND CAPITAL	\$1,151,023	\$1,084,162

* Includes Off-Site Improvement Fees

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR 09/30/04	CURRENT YEAR 09/30/05
461	Metered Water Revenue	\$282,616	\$295,347
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	5,208	6,290
	TOTAL REVENUES	\$287,824	\$301,637
	OPERATING EXPENSES		
601	Salaries and Wages	\$111,034	\$116,139
610	Purchased Water	0	0
615	Purchased Power	30,915	30,614
618	Chemicals	0	0
620	Repairs and Maintenance	6,403	18,938
621	Office Supplies and Expense	10,024	11,085
630	Outside Services	25,538	31,300
635	Water Testing	4,409	5,079
641	Rents	7,248	11,448
650	Transportation Expenses	4,943	7,495
657	Insurance – General Liability	2,346	2,398
659	Insurance - Health and Life	5,870	5,870
666	Regulatory Commission Expense – Rate Case	6,000	6,000
675	Miscellaneous Expense	9,418	12,073
403	Depreciation Expense *	51,422	32,502
408	Taxes Other Than Income **	27,323	22,192
408.11	Property Taxes	20,037	20,651
409	Income Tax	260	50
	TOTAL OPERATING EXPENSES	\$323,190	\$333,834
	OPERATING INCOME/(LOSS)	\$(35,366)	\$(32,197)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$6,515	\$7,938
421	Non-Utility Income	1,359	1,865
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	0	0
	TOTAL OTHER INCOME/(EXPENSE)	\$7,784	\$9,803
	NET INCOME/(LOSS)	\$(27,492)	\$(22,394)

* Depreciation.....
 Amortization of Contributions & Off-site Improvement Fees

\$57,201
 (5,779)
\$51,422
 \$62,600
 (30,098)
\$32,502

** Includes adjustment for Deferred taxes of

\$16,203 \$10,411

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 34,437

Meter Deposits Refunded During the Test Year \$ 6,225

COMPANY NAME Las Quintas Serenas Water Company

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
#5 – 55608531	40	200	513-805	10" – 8"	6"	1976
#6 – 55608530	75	450	837	12"	6"	1971
#7 – 55566940	150	650-850	910	12"	4"	1998

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A		N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000 Gallons	1	3,000 Gallons	1
60,000 Gallons	1	5,000 Gallons	5

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	<u>Copper</u>	<u>250</u>
3	<u>Transite</u>	<u>240</u>
4	<u>Transite</u>	<u>19,840</u>
5	<u>NA</u>	<u>N/A</u>
6	<u>Transite</u>	<u>32,487</u>
8	<u>Transite</u>	<u>2,760</u>
10	<u>Transite</u>	<u>420</u>
12	<u>Transite</u>	<u>1,340</u>
2	<u>Plastic</u>	<u>1,550</u>
4	<u>Plastic</u>	<u>4,509</u>
6	<u>Plastic</u>	<u>22,398</u>
8	<u>Plastic</u>	<u>1,468</u>
12	<u>Plastic</u>	<u>1,950</u>
6	<u>Iron</u>	<u>575</u>

CUSTOMER METERS

Size (in inches)	Quantity
<u>5/8 X 3/4</u>	<u>808</u>
<u>3/4</u>	<u>5</u>
<u>1</u>	<u>34</u>
<u>1 1/2</u>	<u>6</u>
<u>2</u>	<u>3</u>
Comp. 3	<u>0</u>
Turbo 3	<u>0</u>
Comp. 4	<u>1</u>
Tubo 4	<u>0</u>
Comp. 6	<u>0</u>
Tubo 6	<u>0</u>
Standpipe	<u>153</u>

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

Steel portable shed 8' x 20' at Well #5 & Steel portable shed 8' x 40' at Well # 6

OTHER:

COMPANY NAME: Las Quintas Serenas Water Company

WATER USE DATA SHEET BY MONTH FOR FISCAL YEAR 09/30/2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY 2005	950	9,105,200	9,866,000
FEBRUARY 2005	954	8,715,400	9,103,000
MARCH 2005	956	7,449,300	8,392,000
APRIL 2005	971	13,292,300	15,442,000
MAY 2005	979	12,814,500	13,648,000
JUNE 2005	988	14,987,600	16,819,000
JULY 2005	986	20,005,600	22,475,000
AUGUST 2005	993	12,680,200	13,483,000
SEPTEMBER 2005	995	13,857,200	15,176,000
OCTOBER 2004	1,008	12,166,200	14,160,000
NOVEMBER 2004	1,008	12,628,600	13,155,000
DECEMBER 2004	1,010	12,518,200	13,890,000
TOTAL		150,220,300	165,609,000

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(X) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(X) Yes () No

If yes, provide the GPCPD amount: 121.0

What is the level of arsenic for each well on your system. **Well #5 - 11**
(If more than one well, please list each separately.) **Well #6 – 14 mg/l**
Well #7 - 15

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Las Quintas Serenas Water Company YEAR ENDING 09/30/2005

PROPERTY TAXES

Amount of actual property taxes paid during Fiscal Year 2005 was: \$ 20,089.44

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Steve Gay-Manager</u>
COMPANY NAME	<u>Las Quintas Serenas Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>09</u>	<u>30</u>	<u>2005</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

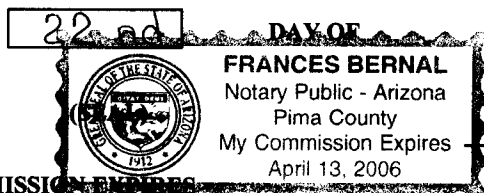
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

X Steve H. Gay
SIGNATURE OF OWNER OR OFFICIAL
X 520-625-8040
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



MY COMMISSION EXPIRES

COUNTY NAME	<u>Pima</u>
MONTH	<u>March</u>
	<u>2006</u>

Frances Bernal
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Las Quintas Serenas Water Company

YEAR ENDING 09/30/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$(35,077)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>\$(22,994)</u>
Estimated or Actual State Tax Liability	<u>50</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

X Steve G. Gay
SIGNATURE

X 3-22-06
DATE

Steve Gay
PRINTED NAME

Manager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Pima
NAME (OWNER OR OFFICIAL) TITLE
Steve Gay-Manager
COMPANY NAME
Las Quintas Serenas Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
09	30	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 326,582.21

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 23,960.70
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

X Steve H. Gay
SIGNATURE OF OWNER OR OFFICIAL
X 520-625-8040
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

22nd DAY OF

FRANCES BERNAL

COUNTY NAME	<u>Pima</u>
MONTH	<u>March</u>
YEAR	<u>2006</u>

(SEAL)



FRANCES BERNAL
Notary Public - Arizona
Pima County
My Commission Expires
April 13, 2006

Frances Bernal
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Steve Gay	TITLE Manager
COMPANY NAME Las Quintas Serenas Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
09	30	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>245,123.43</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 19,408.17
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

X Steve H. Gay
SIGNATURE OF OWNER OR OFFICIAL
X 520-625-8040
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

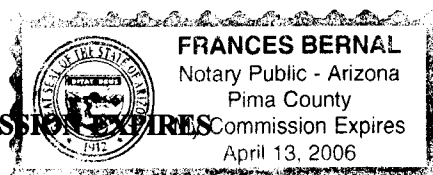
22nd

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	<u>Pima</u>
MONTH	<u>March</u> <u>2006</u>

(SEAL)

MY COMMISSION EXPIRES



X Frances Bernal
SIGNATURE OF NOTARY PUBLIC

LAS QUINTAS SERENAS WATER COMPANY

P.O. BOX 88
SAHUARITA, AZ 85629

BANK OF AMERICA, NA
222 W. ESPERANZA BLVD.
GREEN VALLEY, AZ 85614
91-170/1221

7220

10/18/2004

PAY TO THE ORDER OF Beth Ford; Pima County Treasurer

\$ **10,054.56

Ten Thousand Fifty-Four and 56/100 ***** DOLLARS

Beth Ford; Pima County Treasurer
Pima County Treasurer's Office
PO Box 98765
Phoenix, Arizona 85038-0765

OPERATING ACCOUNT

Steve H. Gay

MEMO 1st Half Year Payment 2004 - Property Taxes

⑆007220⑆ ⑆122101706⑆

050⑆060212⑆

⑆0004005456⑆

CheckLock Security System: Chemically Resistant Paper Micro-Print Security Lines. Payroll icon on the front and Original Document Security Screen on the back.

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LAS QUINTAS SERENAS WATER COMPANY

P.O. BOX 88
SAHUARITA, AZ 85629

BANK OF AMERICA, NA
222 W. ESPERANZA BLVD.
GREEN VALLEY, AZ 85614

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4/26/2005

PAY TO THE ORDER OF Beth Ford, Pima County Treasurer

\$**10,034.88

Ten Thousand Thirty-Four and 88/100*****

DOLLARS

Beth Ford, Pima County Treasurer
Pima County Treasurer's Office
PO Box 98765
Phoenix, Arizona 85038-0765

OPERATING ACCOUNT

John
COPY

MEMO End Half Year Payment 2004 - Property Taxes

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Checklock Security System: Chemically Reactive Paper, Micro-Print
Signature Line, Padlock Icon on the front and Original Document
Security Screen on the back.

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DALE R. CALVERT, PLLC

CERTIFIED PUBLIC ACCOUNTANT

2970 N. SWAN ROAD, #220
TUCSON, AZ 85712

Voice (520) 325-1544

Fax (520) 325-1121

E-mail drcalvert@cpatucson.com

February 27, 2006

Board of Directors
Las Quintas Serenas Water Company
Sahuarita, Arizona

We have compiled the accompanying balance sheet of Las Quintas Serenas Water Company (a corporation) as of September 30, 2005 and 2004 and the related comparative statement of income and expense for the years then ended and the supplementary information contained in the schedule of utility plant in service, schedule of calculation of depreciation expense for the current year, schedule of supplemental financial data, schedule of property taxes and schedule of income taxes for the year ended September 30, 2005 included in the accompanying prescribed form, Water Utility Annual Report, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation is limited to presenting in the form prescribed by the Arizona Corporation Commission information that is representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission which differ from a presentation in conformity with generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

We are not independent with respect to Las Quintas Serenas Water Company.



Dale R. Calvert
Certified Public Accountant